



# Women's Health Advisory Committee

## Vendor Drug Program Overview

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Vendor Drug Program  
Medicaid CHIP Division

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# Vendor Drug Program

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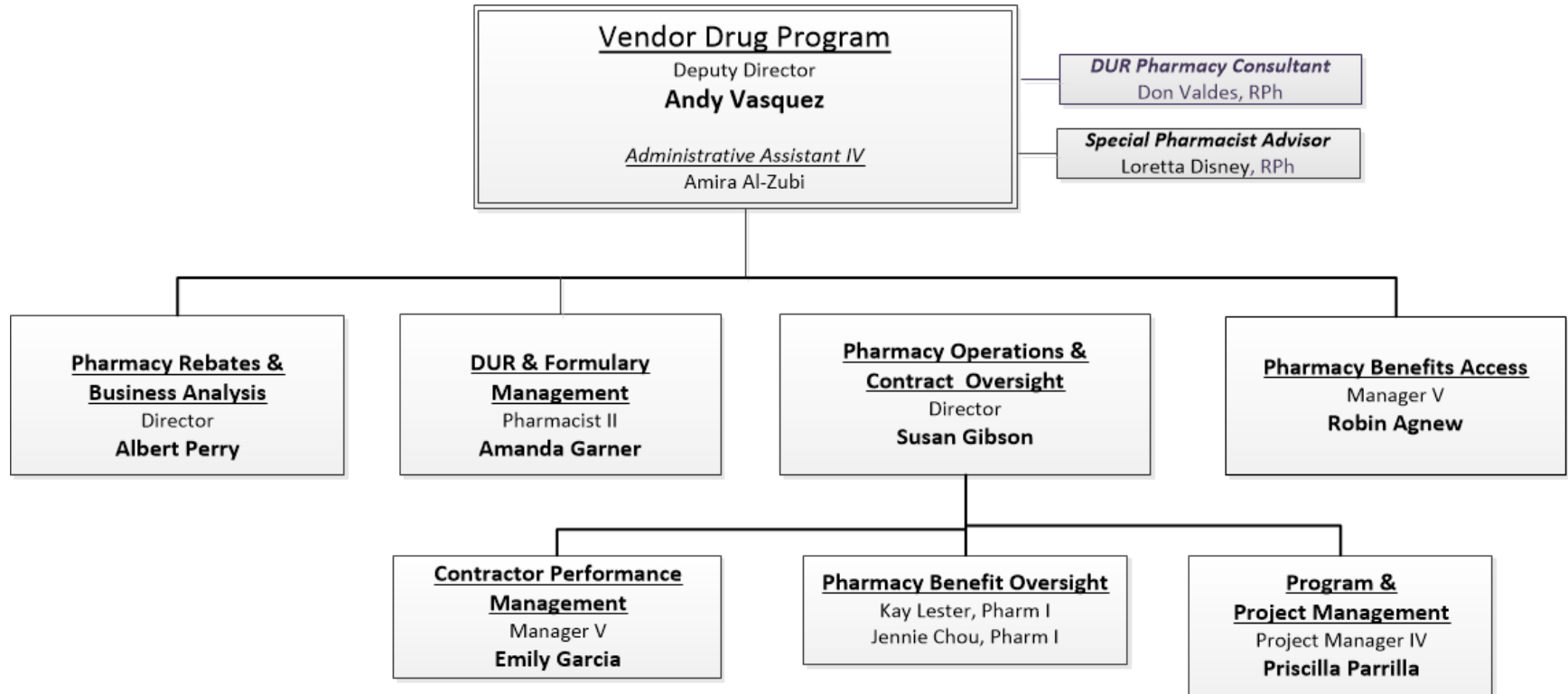
- Overview
- Drug Benefits Management
- Resources for Providers

# VDP Mission

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- Ensure statewide access to covered outpatient drugs in an efficient and cost-effective manner.
- Provide quality pharmaceutical care for recipients enrolled in:
  - Medicaid (managed care and fee-for-service)
  - Children's Health Insurance Program (CHIP)
  - DSHS Children with Special Health Care Needs (CSHCN) Services Program
  - DSHS Kidney Health Care (KHC) program
  - Healthy Texas Women program
- Effectively manage the federal and state drug manufacturer rebate programs to maximize rebate revenue.

# VDP Business Functions



# VDP Business Functions

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- Pharmacy Rebates and Business Analysis
  - Manages the rebate administration programs, pharmacy encounters, and fee-for-service pharmacy claims processes.
  - Responsible for operational interfaces with contracted vendors of pharmacy benefit services; including managed care and non-managed care trading partners.
  - Maintains the cross-walk of codes for clinician-administered drugs.
- Program & Project Management
  - Develops, evaluates, and implements policies, rules, legislation, and contract requirements regarding FFS and MCO pharmacy benefits.
  - Serves as project management office for VDP projects.
  - Develops and distributes stakeholder communications and manages web site, [TXvendordrug.com](http://TXvendordrug.com).

# VDP Business Functions

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- Pharmacy Operations & Contract Oversight
  - MCOs are required to contract with a Pharmacy Benefits Manager (PBM) for prescription drug services.
    - 8 PBMs are subcontracted to 20 MCOs
  - Vendor Drug Program monitors performance of PBMs to ensure timely access to pharmacy benefits; in collaboration with other Medicaid/CHIP Division sections, including:
    - Health Plan Management, Quality, Finance, Policy, Contract Compliance and Support, Operations Coordination
  - Quarterly meetings with MCO pharmacy directors to communicate policy changes and address questions/issues.
  - Review all pharmacy provider/member materials.

# VDP Business Functions

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- Pharmacy Benefits Access
  - Primary point of contact for pharmacy providers and others regarding issues with clients' timely access to pharmacy benefits; through a Pharmacy Call Center and an Issues Escalation Team.
- Drug Utilization Review & Formulary Management
  - Maintains an open formulary of medications approved for dispensing to clients enrolled in FFS and managed care programs.
  - With input from MCOs, proposes clinical prior authorization criteria and the Preferred Drug List for safe, appropriate, cost-effective drug use.
  - Supports the Drug Utilization Review Board advisory committee.
  - Increasing support for clinician-administered drug policy & pricing.
  - Manages the Medicaid specialty drugs list, updated quarterly.

# VDP Pharmacy Providers

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- As of December 2015, over 4,900 retail pharmacies contracted with HHSC for fee-for-service clients
  - 1,734 Independent pharmacies
  - 429 Independent, Rural pharmacies
- Pharmacy claim payment has two components:
  - Ingredient Cost – payer's reimbursement for the cost of the product dispensed
  - Professional Dispensing Fee – administrative costs associated with providing a drug, such as pharmacist services and overhead



# Formulary & Rebate Management

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- Medicaid programs are prohibited by federal law from excluding coverage of drugs from a manufacturer or labeler that has a Medicaid drug rebate contract with CMS
  - VDP requires manufacturers to request the addition of their drug to the Medicaid formulary
- Drug rebates are collected for drugs provided to managed care and FFS clients – whether dispensed by a pharmacy or administered by a physician/clinician
- VDP manages the collection of rebates from drug manufacturers for Medicaid and all other VDP-administered pharmacy programs

# Drug Utilization Review Board

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- Texas Medicaid DUR Board recommends drugs for the Preferred Drug List (PDL) based on their clinical efficacy, safety, and cost effectiveness.
  - Cost and savings analyses consider both MCO and FFS utilization and reimbursement amounts.
  - Texas uses a "lowest net cost" methodology versus a "generics first" methodology. Net cost (after all rebates) is the total state cost.
- Texas Medicaid DUR Board recommends clinical prior authorization (PA) criteria based on consolidated proposals from VDP and MCOs.
  - MCOs may implement any approved PA criteria and it cannot be more stringent than approved criteria.
  - Clinical prior authorizations are developed from evidence-based clinical criteria and nationally recognized, peer-reviewed data.

# Comparison: Medicaid and HTW

	Medicaid	Healthy Texas Women
Formulary	<p>Broad formulary serves all fee-for-service and MCO members</p> <ul style="list-style-type: none"> <li>Over the counter (OTC) drugs, with Rx</li> <li>Limited Home Health Supplies (LHHS)</li> </ul>	<p>Limited formulary: Family planning products, hormone patches, and certain drugs used to treat sexually transmitted infections</p> <ul style="list-style-type: none"> <li>No OTC Drugs</li> <li>No LHHS</li> </ul>
		<p><u>Eff. July 1, 2016</u></p> <ul style="list-style-type: none"> <li>Diabetes</li> <li>Hypertension</li> </ul>
Preferred Drug List	Yes	No
Clinical Prior Authorization	Yes	No
Drug Manufacturer Rebates	<ul style="list-style-type: none"> <li>Mandatory federal rebates for all products</li> <li>Negotiated supplemental rebates for many preferred drugs</li> </ul>	Voluntary rebates <sup>1</sup> for long-acting reversible contraceptives
Funding	Federal + State	100% State
Delivery Model	<ul style="list-style-type: none"> <li>Managed Care (85%)</li> <li>Fee-for Service</li> </ul>	Fee-for-Service
Pharmacy Reimbursement	<p>Ingredient Cost = Avg. Acquisition Cost</p> <p>Dispensing Fee = \$7.93 + 1.96%</p>	Same as Medicaid

<sup>1</sup> Texas Women's Health Program is designated as a State Pharmacy Assistance Program by CMS. More products are eligible for rebates, generally at the federal Medicaid rate.

# Drug Coverage Lookup

www.TXVendorDrug.com

The screenshot displays the Texas Medicaid/CHIP Vendor Drug Program website. The header includes the Texas Health and Human Services Commission logo and navigation links. The main title is "Texas Medicaid/CHIP VENDOR DRUG PROGRAM". Below the title is a navigation bar with tabs: About, News, Providers, Formulary / PDL, Drug Use Review, Managed Care, DUR Board, Reports, and Downloads. The "Formulary / PDL" tab is active, and a dropdown menu is open showing options: Drug/Product Lookup, Preferred Drugs, Vitamin and Mineral Products, Limited Home Health Supplies, Specialty Drugs, Clinician-Administered Drugs, Long-acting Reversible Contraception Products, Durable Medical Equipment, Drug Rebates, Enhanced Formulary, and Epocrates. The "Drug/Product Lookup" option is selected. The form contains fields for NDC, Brand Name, Generic Name, and Product Description. The "Brand Name" field is filled with "skylar". The "Product Description" field is a dropdown menu. Below the form are buttons for "Submit", "Refresh", and "Download data (zip)" (updated 05/23/16). A note at the bottom states: "\* for a more specific search, use all fields".

Texas Medicaid/CHIP Vendor Drug Program

Formulary / PDL

Drug/Product Lookup

Preferred Drugs

Vitamin and Mineral Products

Limited Home Health Supplies

Specialty Drugs

Clinician-Administered Drugs

Long-acting Reversible Contraception Products

Durable Medical Equipment

Drug Rebates

Enhanced Formulary

Epocrates

The VDP Texas Drug Code Index includes formularies for Medicaid, the Children's Health Insurance Program (CHIP), the DSHS Special Health Care Needs (CSHCN), the DSHS Kidney Health Care (KHC), and the Texas Women's Health Program. Organizations are required to adhere to these formularies.

The Enhanced Formulary Search provides information on formulary drugs and criteria used to evaluate authorization for a specific drug and the (where applicable) that are allowed. The formulary and Preferred Drug List are available on the Epocrates drug information system.

More information about the following products is also available:

- Preferred drugs
- Vitamins and minerals
- Limited home-health supplies
- Clinician-administered drugs
- Long-acting reversible contraception products
- Durable medical equipment

Submit Refresh Download data (zip) (updated 05/23/16)

PRODUCTS

NDC:

Brand Name:

Generic Name:

Product Description:

Submit Refresh

\* for a more specific search, use all fields

# Drug Coverage Lookup

Texas Medicaid/CHIP Vendor Drug Program

Formulary Information

The VDP Texas Drug Code Index includes formularies for Medicaid, the Child Insurance Program (CHIP), the DSHS Special Health Care Needs (CSHCN), the DSHS Kidney Health Care (KHC), and the Texas Women's Health Program. Organizations are required to adhere to these formularies.

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More information about the following products is also available:

- Preferred drugs
- Vitamins and minerals
- Limited home-health supplies
- Clinician-administered drugs
- Long-acting reversible contraception products
- Durable medical equipment

Drug/Product Lookup

Preferred Drugs

Vitamin and Mineral Products

Limited Home Health Supplies

Specialty Drugs

Clinician-Administered Drugs

Long-acting Reversible Contraception Products

Durable Medical Equipment

Drug Rebates

Enhanced Formulary

Epocrates

Use all fields for more-specific results. [More information about this lookup](#)

Product Name: skyla

Generic Name:

Therapeutic Class: Select...

List:

- ☐ PDL PA Required
- ☐ Family Planning Drug
- ☐ 90% Utilization

Submit Refresh [Download data \(zip\)](#) (updated 05/23/16)

PRODUCTS

NDC:

Brand Name:

Generic Name:

Product Description: Select...

Submit Refresh

\* for a more specific search, use all fields

# Drug Coverage Lookup

The screenshot shows a web browser window with the URL [www.bvendordrug.com/formulary/drugs-lookup-results.asp?txtNDC=&DrugDescr=skyla&txtDrugGt](http://www.bvendordrug.com/formulary/drugs-lookup-results.asp?txtNDC=&DrugDescr=skyla&txtDrugGt). The page has a navigation bar with links: About, News, Providers, Formulary / PDL, Drug Use Review, Managed Care, DUR Board, Reports, and Downloads. Below the navigation bar, there is a link to 'Formulary Lookup > Drug Results' and a star icon with the text 'sign up for email updates'. The main heading is 'Formulary Lookup Results'. A message states 'Your search found 1 records.' and 'This lookup is updated weekly. Please [contact VDP](#) if data is unavailable or if you require assistance.' Below this, 'Program Codes:' are listed: V=Medicaid, P=CHIP, C-CSHCN, K=KHC, and W=Texas Women's Health Program. The search results are for 'skyla' and are displayed in a table.

Drug Program Type	Drug Name	Generic Name	NDC #	Package Size	PDL PA Required	Clinical PA Required	90% Utilization	Family Planning	Women's Health Program
VW	<a href="#">SKYLA SYSTEM</a>	LEVONORGESTREL	50419042201	1.000 Unit: EA	No	No	75%	Yes	P

# Drug Coverage Lookup

The screenshot shows a web browser window with the URL [www.txvendordrug.com/formulary/drug-lookup-details.asp?Item=50419042201](http://www.txvendordrug.com/formulary/drug-lookup-details.asp?Item=50419042201). The page has a navigation bar with links: About, News, Providers, Formulary / PDL, Drug Use Review, Managed Care, DUR Board, Reports, and Downloads. Below the navigation bar, there is a breadcrumb trail: [Formulary Lookup](#) > [Drug Results](#) > Drug Details. A red star icon and the text "sign up for [email updates](#)" are visible. The main heading is "Texas Drug Code Index Formulary Lookup Details Results". Below this, there is a link "Return to drug results" and a note: "This lookup is updated weekly. Please [contact VDP](#) if data is unavailable or if you require assistance." The section "Details: SKYLA SYSTEM" contains two tables. The first table lists drug details: Brand Name (SKYLA SYSTEM), Generic Name (LEVONORGESTREL), NDC # (50419042201), Package Size (1.000), and Units (EA). The second table, titled "Drug Conditions", lists: Prescription/OTC? (Prescription required), Family Planning drug? (Yes), Diabetic Supply? (No), and Refill-to-soon Utilization† (75%). The third table, titled "Drug Pricing", lists: Wholesale estimated Acquisition Cost: (663.32300), Direct Estimated Acquisition Cost: (000000.00000), Warehouse Cost: (650.32000), Maximum Allowable Cost: (000000.00000), MAC Date, 340B Cost (260.12800), and Generic Dispensing Incentive Applies? (No). The value "663.32300" is highlighted with a red box.

Formulary Lookup > Drug Results > Drug Details

★ sign up for [email updates](#)

## Texas Drug Code Index Formulary Lookup Details Results

[Return to drug results](#)

This lookup is updated weekly. Please [contact VDP](#) if data is unavailable or if you require assistance.

**Details: SKYLA SYSTEM**

Brand Name	SKYLA SYSTEM
Generic Name	LEVONORGESTREL
NDC #	50419042201
Package Size	1.000
Units	EA

**Drug Conditions**

Prescription/OTC?	Prescription required
Family Planning drug?	Yes
Diabetic Supply?	No
Refill-to-soon Utilization†	75%

**Drug Pricing**

Wholesale estimated Acquisition Cost:	663.32300
Direct Estimated Acquisition Cost:	000000.00000
Warehouse Cost:	650.32000
Maximum Allowable Cost:	000000.00000
MAC Date	
340B Cost	260.12800
Generic Dispensing Incentive Applies?	No

# Drug Coverage Lookup

Texas Vendor Drug Program... Texas Women's Health Program... +

www.txvendordrug.com/formulary/drug-lookup-details.asp?item=50419042201

Search

### Medicaid Program Details

Medicaid Effective Date	08/01/2014
Medicaid End Date	00/00/0000
PDL Prior Authorization Required	No
PDL Prior Authorization Effective Date	
PDL Therapeutic Class	Not Assigned
Clinical Prior Authorization Required	No
Compound Only use for Medicaid?	No
Note:	

### CHIP Program Details

CHIP Effective Date	
CHIP End Date	
Compound Only use for CHIP?	No

### CSHCN Program Details

CSHCN Effective Date	
CSHCN End Date	
Compound Only use for CSHCN?	No
Note:	

### KHC Program Details

KHC Effective Date	
KHC End Date	
Compound Only use for KHC?	No

### TWHP Programs Details

TWHP Effective Date	08/01/2014
TWHP End Date	00/00/0000

† Impacts only claims paid by the Vendor Drug Program: FFS Medicaid, TWHP, and the CSHCN and KHC programs.



# Why LARC

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- Highly effective method of contraception
- Highest continuation and satisfaction rates
- Can be used by most women
- Increased use may reduce unintended pregnancy rates
- The American College of Obstetricians and Gynecologists (ACOG) recommends offering LARC methods as first-line contraceptive methods and supports post-partum insertion of LARC as safe, effective, and advantageous
- On January 1, 2016, HHSC implemented several policy changes in an effort to increase access to and utilization of LARC in Texas Medicaid and the Texas Women's Health Program (TWHP)

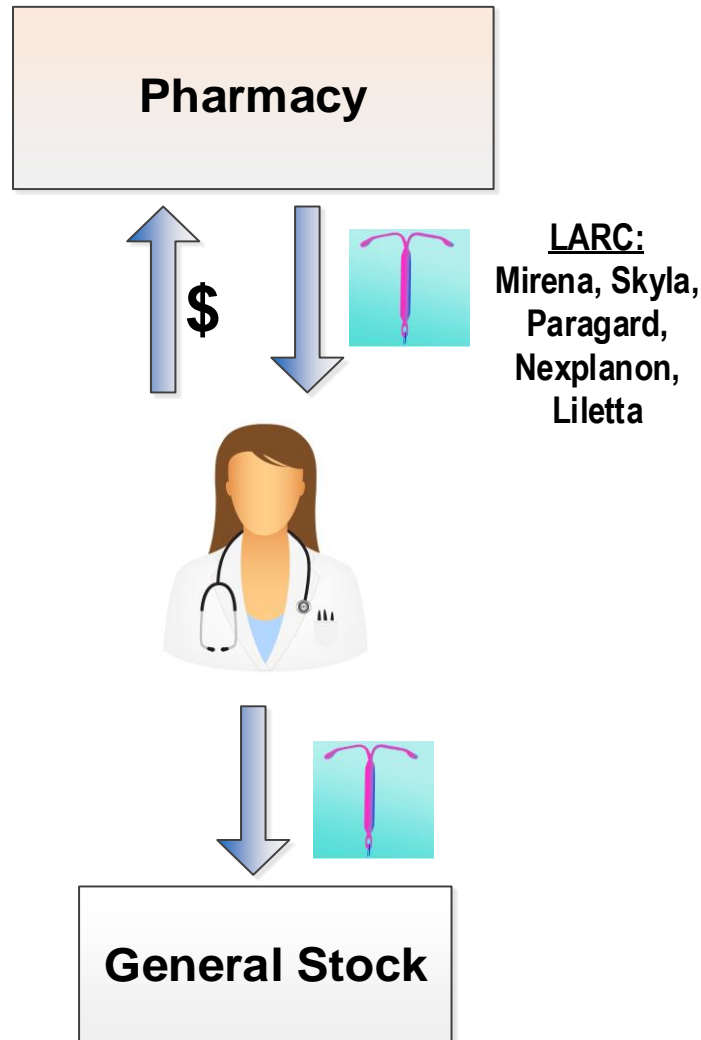
# Provider Reimbursement for LARC

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- The following LARC devices currently are available through the Medicaid and TWHF formularies:
  - Mirena
  - Nexplanon
  - ParaGard
  - Skyla
- Providers have the option to prescribe and obtain these LARC devices from specialty pharmacies
  - HHSC currently is working to add Liletta to the formularies
- Providers may choose to receive reimbursement for LARC through the “buy-and-bill” method or through the pharmacy option

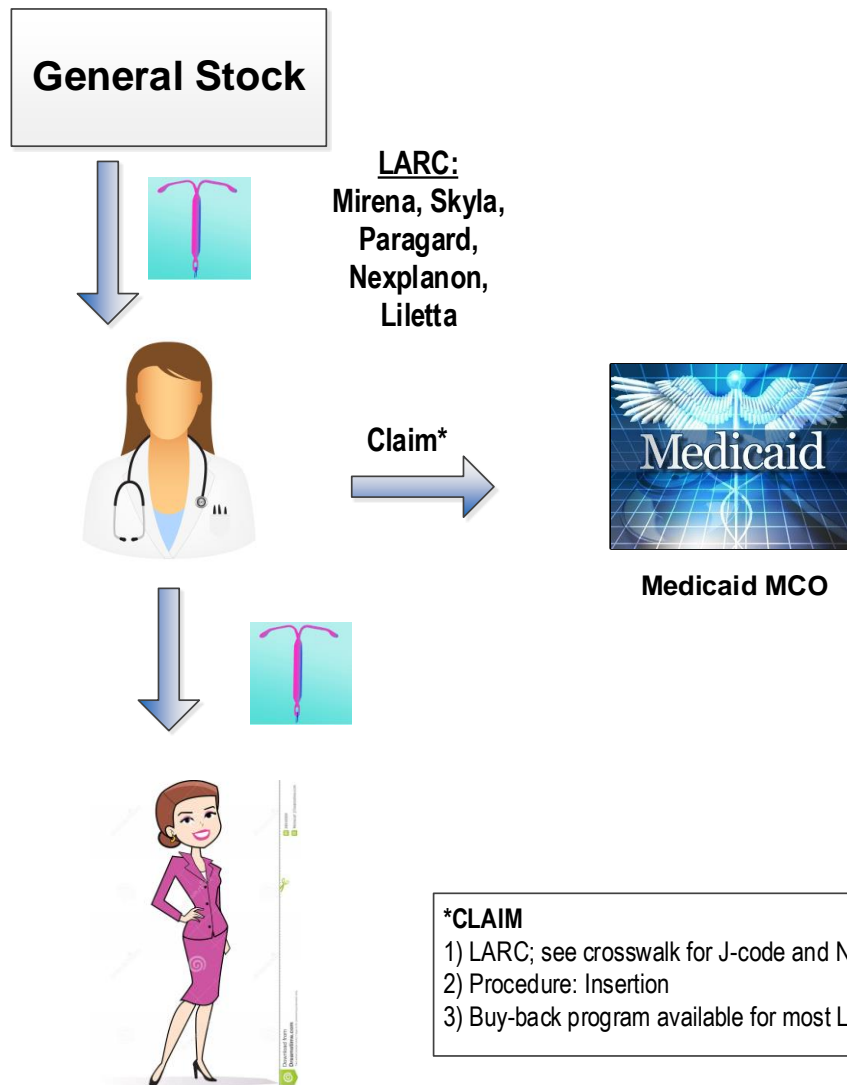
# Physician Buy & Bill

**Before  
Appointment**



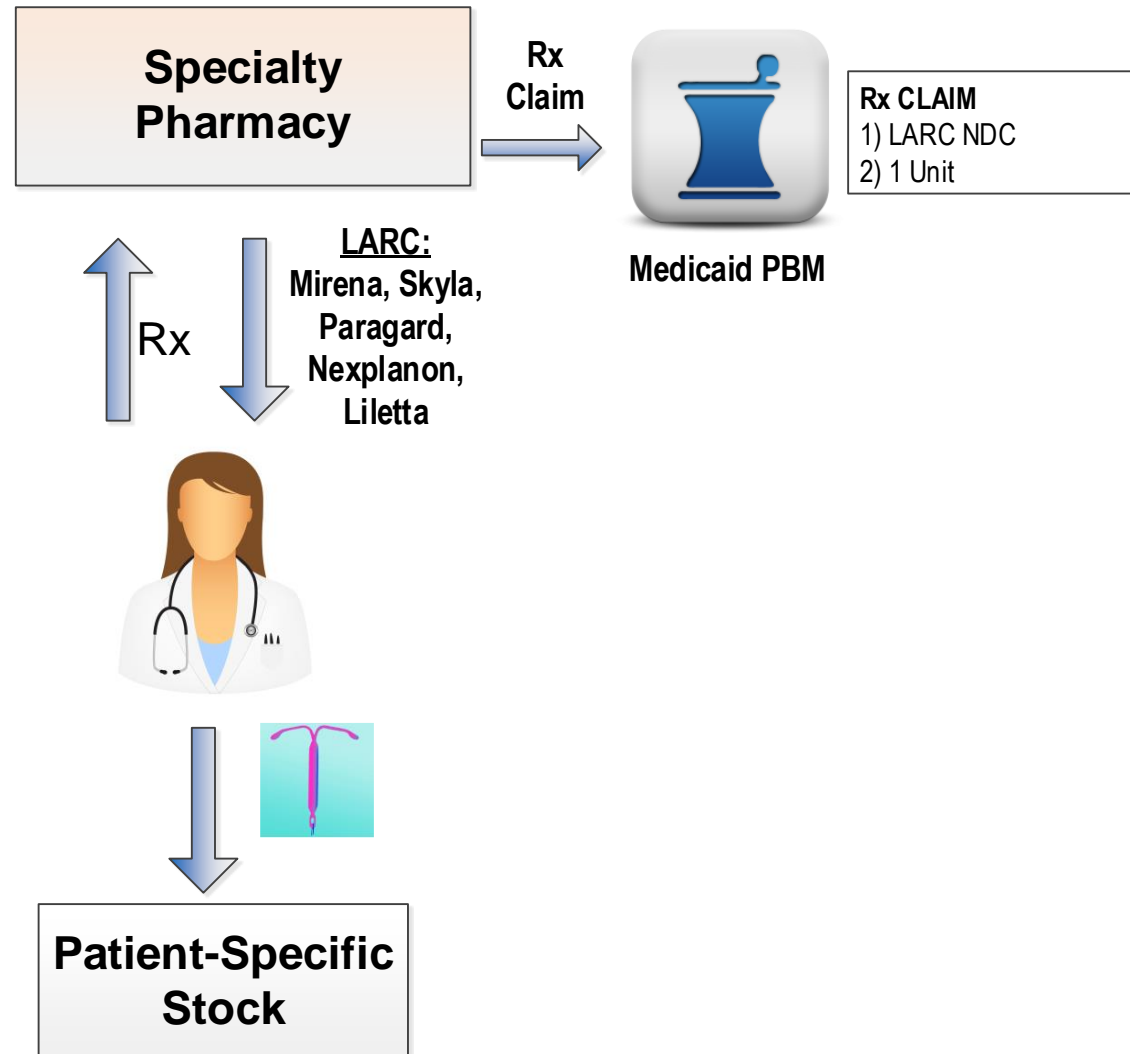
# Physician Buy & Bill

**During  
Appointment**



# Pharmacy Fill & Bill

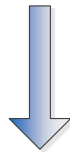
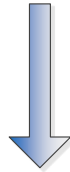
**Before  
Appointment**



# Pharmacy Fill & Bill

**During  
Appointment**

**Patient-Specific  
Stock**



## **Billing**

- 1) MD can bill MCO for Insertion fee
- 2) Buy back program available on most LARCs



# LARC Abandoned Units Programs

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- Providers who prescribe and obtain LARC devices from specialty pharmacies will be able to return unused and unopened LARC devices
- More information, including a Frequently Asked Questions document, is available at [www.txvendordrug.com/formulary/larc.shtml](http://www.txvendordrug.com/formulary/larc.shtml)

# LARC via 340B Program

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- All eligible organizations and covered entities that are enrolled in the federal 340B Drug Pricing Program to purchase 340B discounted drugs must use modifier U8 when submitting medical claims for 340B clinician-administered drugs, including LARC devices
  - See article titled, “340B Providers Must Use Modifier U8 When Submitting Claims for 340B Clinician-administered Drugs,” which was published on July 16, 2015, on the TMHP website at [www.tmhp.com](http://www.tmhp.com)
- Reimbursement rates for LARC devices, including devices purchased using the 340B Drug Pricing Program and using modifier U8, were updated on January 1, 2016



# LARC Education and Resources

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- HHSC and DSHS will conduct LARC education for providers and clients

## On-Line Resources

- ACOG LARC Program
  - [www.acog.org/About-ACOG/ACOG-Departments/Long-Acting-Reversible-Contraception](http://www.acog.org/About-ACOG/ACOG-Departments/Long-Acting-Reversible-Contraception)
- ASTHO LARC Learning Community
  - [www.astho.org/Programs/Maternal-and-Child-Health/Long-Acting-Reversible-Contraception-LARC/](http://www.astho.org/Programs/Maternal-and-Child-Health/Long-Acting-Reversible-Contraception-LARC/)
- Clinical Guidance on Implants and IUDs, Association of Reproductive Health Professionals
  - [larc.arhp.org/evidence-based-guidance.aspx](http://larc.arhp.org/evidence-based-guidance.aspx)
- Long-Acting Reversible Contraception Products, Medicaid/CHIP Vendor Drug Program
  - [www.txvendordrug.com/formulary/larc.shtml](http://www.txvendordrug.com/formulary/larc.shtml)

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# Questions?

- [www.TXVendorDrug.com](http://www.TXVendorDrug.com)
- Andy Vasquez, [Andy.Vasquez@hhsc.state.tx.us](mailto:Andy.Vasquez@hhsc.state.tx.us)
- Nahid Assadi, RPh., [Nahid.Assadi@hhsc.state.tx.us](mailto:Nahid.Assadi@hhsc.state.tx.us)